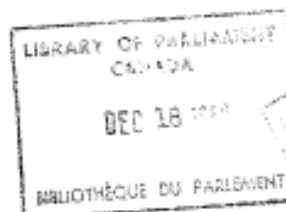


MANITOBA
TAXING POWERS

It is the belief of the Government of Manitoba that the taxing power must be employed in a manner to ensure that each jurisdiction has the money to carry out its responsibilities. This means that the federal government must control the major tax fields because only the federal government can effectively employ taxation as a means of ensuring economic stability and as a means of equitably redistributing the wealth of the nation.

Nevertheless Manitoba accepts as a valid constitutional principle the proposition that in general both the federal government and the provincial governments should have access to all tax fields. But there are some obvious practical limitations on the general principle of unlimited access. For example, it would be wrong for provinces to apply indirect taxes in a form other than sales tax or consumption tax at the retail level. Otherwise, taxpayers could conceivably be taxed by more than one province. To illustrate: if provincial sales taxes were applied at the wholesale level then Ontario and Quebec taxes would have effect on citizens of other provinces since so many manufactured goods are purchased from Ontario and Quebec.

Manitoba advocates national tax structure development which places the full economic capacity of the Canadian people in support of balanced regional development. We also desire a national tax structure which minimizes variations in rate, base and administration of taxation. Collection agreements and delegation can be used to meet these objectives.



The Government of Manitoba wishes to relate certain specific conditions to this general approach to taxation.

With reference to death taxes, the Government of Manitoba believes that estates are created in the context of the entire national economic community and the forces which operate in that community. Estates are not built in isolation in a single province. For this reason, and because of the federal government's extraterritorial power, it is our view that the federal government is the logical authority to levy estate taxes. The same principle applies to corporate income tax.

Revenue obtained from these sources could be distributed by the federal government under an equitable equalization formula.

The Government of Manitoba is also of the opinion that increments in federal revenue which result from changes in the tax base, such as those anticipated in the federal white paper on taxation, or from natural increase or from inflationary increases should be passed on to the provinces on the basis of such a fair equalization formula.